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Time Inc. Considering New Magazine Venture Within Next 5 Years

Official Says He Has 'Good
Editorial Idea,' Sees Cost
Of Plan Up to \$15 Million

By a WALL STREET JOURNAL Staff Reporter

CHICAGO—Time Inc. is considering publication of a new magazine, Andrew Heskell, chairman, indicated at a meeting of investment analysts here.

Such a venture in the currently precarious magazine field would cost \$10 million to \$15 million, Mr. Heskell said in response to post-meeting questions. "But I'm sure someone—maybe us—will try it before too long," he said, probably within the next five years.

"You have to have a good editorial idea," he told the analysts, and later he told a reporter, "I have one now." He refused to elaborate.

Time Inc. publishes Time, Sports Illustrated, Life and Fortune magazines. Sports Illustrated, which began publication in 1954, is the most recent. The company is also involved in book publishing, broadcasting and paper producing.

At a pre-meeting press conference, James A. Linen, president, said second quarter advertising revenue is expected to increase 2% from the 1967 period. For the first quarter of 1968, advertising revenue, which represents 50% of gross revenue, was off 4.6%.

Though refusing to make specific estimates, Mr. Linen said circulation revenue should be "well up" from the previous year's quarter. "We'll be very happy about our second quarter earnings," he said, and first half net should be "comparable" to last year's \$15.4 million, or \$2.21 a share, on gross revenue of \$252.9 million.

The company recently reported lower first quarter operating earnings of \$1.4 million, or 20 cents a share, exclusive of net capital gain of \$1.6 million, or 22 cents a share, on revenue of \$119.7 million. For the first quarter of 1967, earnings were \$3.3 million, or 47 cents a share, on revenue of \$115.5 million.

Mr. Linen declined to estimate earnings for the year, explaining that despite the second quarter upturn, continuing softness of the magazine advertising business precludes accurate forecasting.

Gross revenue for the year, he asserted, should increase, however. Last year, Time reported sharply reduced earnings of \$30.4 million, or \$4.36 a share, on revenue of \$506.3 million. In 1966, earnings were \$37.3 million, or \$5.40 a share, on revenue of \$503.1 million.

Despite the collapse of a recent plan to take over the Newark (N.J.) Evening News, Mr. Linen said Time hopes to enter daily journalism "as soon as possible." He said Time has been approached by many "large circulation" newspapers regarding a merger, but that negotiations aren't in progress.

In his speech to the analysts, Mr. Linen:

—Repeated estimates that take-over of Saturday Evening Post subscriptions could boost circulation of Life magazine to 8 million from 7.5 million currently. Under a recent agree-

ment with Curtis Publishing Co., publisher of the Post, Time agreed to lend Curtis \$5 million, take over subscriptions the Post doesn't want and give Curtis some printing business.

—Noted that computers have increased flexibility of magazine production, encouraging advertisers to make more use of regional and demographic editions. While Time's advertising revenue in 1967 was down 1.2%, regional advertising increased 5.6%, he said, and the trend continues this year.

—Explained that while in the past, increased production efficiency has offset higher wages, this hasn't been true in 1967 and 1968. Another cost pressure: Rising postal rates, which will increase Time's postal costs by \$2.5 million this year.

—Noted that first quarter revenue of the company's broadcasting operations were up 3%, and second quarter revenue should show a 5% increase.